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April 21, 2006

VIA ELECTRONIC FILING
AND OVERNIGHT DELIVERY

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
9300 East Hampton Drive
Capitol Heights, MD 20743

RE: Supplement to Application of Level 3 Communications, LLC and ICG
Communications, Inc. For Transfer of Control of ICG Telecom Group, Inc. and
Submission of Materials
File No. ITC-T/C-20060417-00237
Docket No. WC-06-91

Dear Ms. Dortch:

In response to staff's informal inquiry related to the Application captioned above, Level 3 Communications, LLC ("Level 3") and ICG Communications, Inc. ("ICG") (collectively, the "Applicants") state as follows:

1) Ownership Information

Applicants confirm that, other than the entities identified in the Application, no other entity will hold a ten percent (10%) or greater interest in either of the Applicants following the proposed transaction.

2) Market Share Information

Interstate Interexchange Services

Applicants confirm that, following the proposed transaction, Level 3's operating subsidiaries combined will have less than a ten percent (10%) share of the interstate,

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interexchange market.¹ Even with its recent acquisition of WiTel Communications, LLC and Progress Telecom, LLC, and its proposed acquisition of ICG Telecom Group, Inc., Level 3 will continue to hold an insignificant share of the U.S. domestic market for interstate interexchange services. In 2004, the most recent year for which the Commission has publicly disclosed revenue data, the combined toll revenues (of which only a portion is interstate) for Level 3 and WiTel combined was less than \$1.7 billion – or less than 3% of the total market of more than \$70 billion.²

Toll revenues for Progress and ICG for that same period were too low to be individually reported. The revenues from the operations of those two entities is, however, reflected in the Press Releases issued by Level 3 in connection with those two transactions. For Progress, Level 3 has disclosed that revenues from all services of Progress at the time of acquisition (of which interstate interexchange revenues were only a part) were approximately \$70 million.³ The proposed ICG acquisition is expected to increase Level 3's total revenues by a similar amount (although again, not all of such revenues are interstate in nature).⁴ Even if all the combined revenue was treated as interstate, interexchange services, such additional revenue would not increase Level 3's percentage of the interstate market by even one percentage point. Thus, even if all revenues derived from ICG's operations were included with Level 3's revenues in the interstate, interexchange market, the application would still be eligible for streamlined treatment pursuant to Section 63.03 of the Commission's Rules.⁵

Local Exchange and Exchange Access Services

Applicants further confirm that they and their affiliates provide exchange access service and local exchange service (if at all) only in geographic areas served by a dominant local exchange carrier not a party to the transaction. Level 3 and ICG are both relatively minor participants in the local exchange and exchange access markets with less than 1% combined market share of the nationwide market for such services.⁶

¹ See 47 C.F.R. § 63.03(b)(2) (presumptive eligibility for streamlined treatment applies where, among other things, "a proposed transaction would result in a transferee having a market share in the interstate, interexchange market of less than 10 percent").

² See FCC, STATISTICS OF COMMUNICATIONS COMMON CARRIERS, at 7, Tbl. 1.4 (2004/2005 ed.) (providing 2004 data), available at: <http://www.fcc.gov/wcb/iatd/socc.html> (reflecting revenues of \$190 M and \$1,302 M for Level 3 and WiTel, respectively in 2004).

³ <http://www.level3.com/press/6710.html>

⁴ <http://www.level3.com/press/7069.html>

⁵ 47 C.F.R. § 63.03.

⁶ See 2006 Form 10K, Item 7, of Level 3 Communications, Inc. available at: <http://vlt.client.shareholder.com/edgar.cfm>, reflecting core communications revenues for Level 3, much of which is not attributable to local exchange or exchange access services, of \$794 million. As noted above, the addition of all ICG revenues would not add more than \$70 million to this total. Given that as of 2003, the nationwide local exchange market included revenues of more than \$126 billion, combined the Applicants have significantly less than a 1% market share. See FCC, STATISTICS OF COMMUNICATIONS COMMON CARRIERS, at 154, Tbl. 5.20 (2004/2005 ed.) (providing 2003 data), available at: <http://www.fcc.gov/wcb/iatd/socc.html>

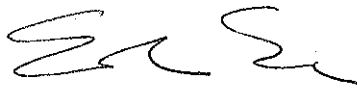
3) Additional Materials

To ensure compliance with the Commission's Rules concerning *ex parte* submissions,⁷ Applicants hereby disclose that meetings were held between David Krech, Susan O'Connell, Jodi Cooper, and Sumita Mukhoty of the Commission's International Bureau and Renee Crittendon, Dennis Johnson, Adam Kirschenbaum, Albert Lewis, and Jodie Donovan-May of the Commission's Wireline Competition Bureau, and Adam Kupetsky, Level 3, Edward S. Quill, Jr. and Michael W. Fleming, on behalf of Level 3, and Scott E. Beer, ICG. The parties discussed the application and the proposed transaction. The attached materials were distributed at the meetings.⁸

* * * * *

An original and four (4) copies of this filing are enclosed. Please date-stamp and return the enclosed extra copy of this filing in the attached stamped envelope. Please do not hesitate to contact the undersigned at (703) 760-5200 if you have any questions.

Sincerely,



Edward S. Quill, Jr.
Michael W. Fleming

Enclosure

⁷ 47 C.F.R. § 1.1200, *et seq.* (Applicants note that all Parties to the proceeding were present at these meetings. *See* 47 C.F.R. §§ 1.1202(b) & 1.1206(a) at Note 3. Nonetheless, Applicants formally submit the attached materials out of an abundance of caution to ensure compliance with the Commission's Rules.)

⁸ Applicants further clarify that the entities listed in Section V.(h)(4) of the Application currently own MCCC ICG Holdings LLC.

Level 3 & ICG

Level(3)[®]
COMMUNICATIONS

 **ICG[®]**
Communications

Transaction Will Strengthen Level 3 and Benefit Consumers

- Level 3 Communications LLC will purchase 100 percent of the stock of ICG Communications, Inc. for \$163m
- Sales price includes \$36m cash and \$127m stock
 - Right to substitute cash for stock
 - No financing contingencies
 - Level 3 will fund transaction from existing cash and existing treasury stock
- Post closing, Level 3 will have direct control of ICG (indirect control of certificated entity). Companies will operate as separate entities under common ownership.
 - Each entity will retain its existing certificates
 - Excludes MPower and New Global Telecom businesses
 - ICG network complements Level 3's network
 - Combination will expand the competitive footprint of Level 3, providing greater access to both companies' suite of IP-driven services and thereby advancing competition by creating an IP-based wholesale carrier with unparalleled technical and service capabilities.

Combination Will Provide Strong Wholesale Competitive Alternative

- Both Level 3 and ICG generally operate as wholesalers
 - No residential end-user customers
 - Customers are other carriers and Internet Service Providers who use the services as building blocks to provide services to their end users
 - ICG has some enterprise and state government customers
- Competitors in the wholesale space include Qwest, AT&T, Verizon, Broadwing, Global Crossing and Savvis
- Parties plan to close the transaction by Memorial Day
 - Begin integration to compete with AT&T and Verizon
 - Expand footprint and reduce dependence on ILECs

About Level 3 and ICG

□ Level 3

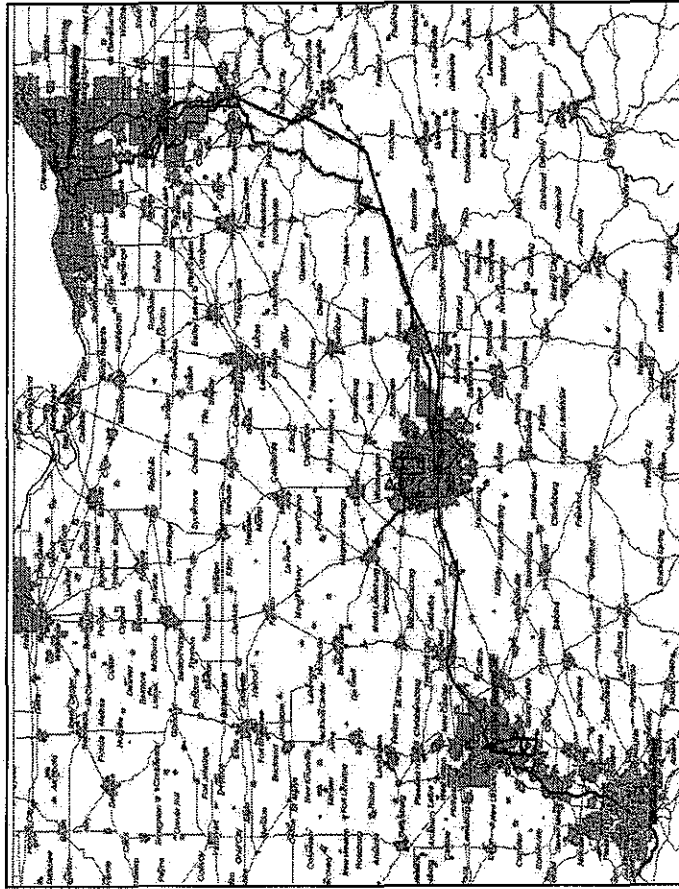
- 23,000 mile fiber optic network
- Wholesale provider of network components for telecommunications, IP and VoIP services including access to E-911 services
- Does not provide services to traditional retail end-users.

□ ICG

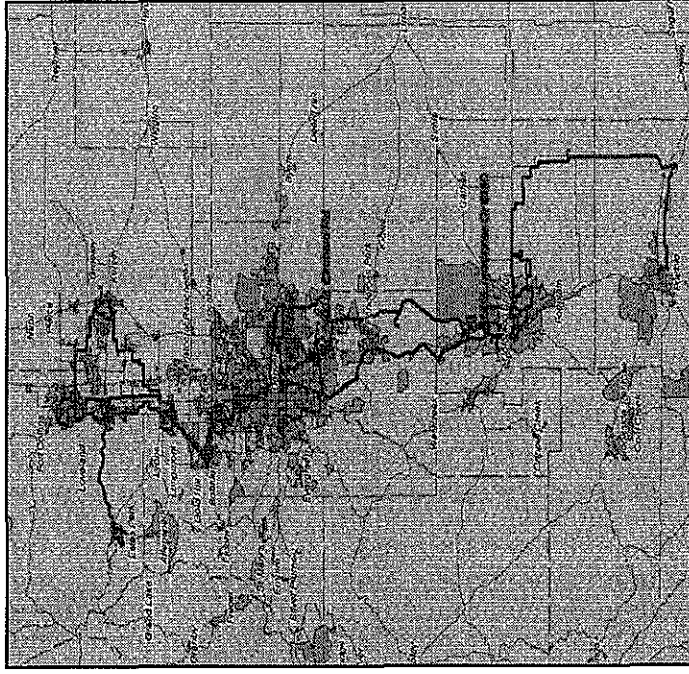
- 2,000 mile network, including:
 - Metro and regional fiber networks in Ohio and Colorado
 - 500 points of presence
- ICG's Financials will Strengthen Level 3:
 - \$75-\$80 million annual revenue stand alone
 - \$10-\$15 million in annualized free cash flow after \$10 million in capital expenditures

ICG's Network Complements Level 3's Network

Ohio

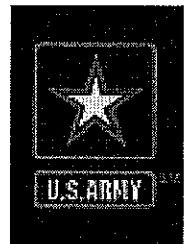
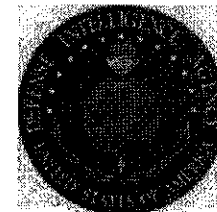


Colorado

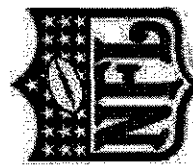
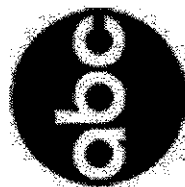
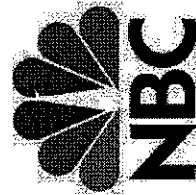


Level 3 customers

- The world's 10 largest telecom providers
- The 10 largest carriers in Europe
- The four largest local phone companies in the U.S
- The 10 largest North American ISPs
- The six largest U.S. cable companies
- Internet content providers
- Media and entertainment companies
- Research and academic institutions
- 35 Federal Departments - Agencies



Level 3 customers (cont.)



ICG Customers



Expedited Regulatory Approval Will Serve the Public Interest

- ❑ Since neither party is dominant in any telecommunications market, transaction should qualify for streamlined or expedited treatment
- ❑ No objections expected
- ❑ Level 3 and ICG expect expedited approval in Ohio and Indiana
 - Notice filings required for Colorado, Kentucky, Illinois
 - FCC is “gating” approval
- ❑ Level 3 and ICG expect 30-day approval from US Department of Justice under Hart-Scott-Rodino
- ❑ No foreign ownership issues